

**OFFICE OF THE MAYOR  
CITY AND COUNTY OF HONOLULU**

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January 14, 2020

The Honorable Ikaika Anderson  
Chair and Presiding Officer  
and Members  
Honolulu City Council  
530 South King Street, Room 202  
Honolulu, Hawaii 96813

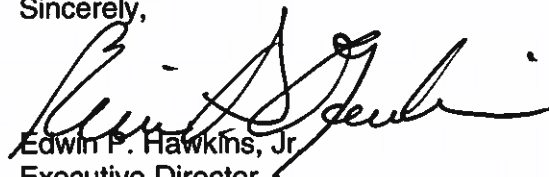
Dear Chair Anderson and Councilmembers:

SUBJECT: Report on the Economic Impact of the Office of Economic  
Development (OED)

Attached for your review and information is a report on the economic impact of the Office of Economic Development. In several discussions with the City Council during this past year, the Office of Economic Development's Executive Director was asked several times by Councilmembers how OED's activities impact Hawaii, specifically, the positive impacts on Oahu and Honolulu. Our goal is to present a report to the City Council annually of the economic impact of the Office of Economic Development.


Should you have any questions, please contact me at 768-6638.

Sincerely,

  
Edwin P. Hawkins, Jr.  
Executive Director  
Mayor's Office of Economic Development

Attachment

APPROVED:

  
Roy K. Amemiya, Jr.  
Managing Director

**MAYOR'S MESSAGE 5**

20JAN16 PM 1:55 CITY CLERK

**SUBJECT: Report on Economic Impact of the Office of Economic Development (OED)**

The Office of Economic Development consists of five basic functions:

1. International Relations, including managing and promoting Sister City and Friendship City relationships
2. Promoting local business to include tourism and assisting outside investors seeking to do business in Hawaii, specifically on Oahu
3. Assisting Community Groups holding cultural, educational, and business events, and acting as the City's coordinating office for providing various City services
4. Agricultural Liaison office for the City, keeping track of impacts to Oahu's agricultural sector and promoting agriculture and its diversification through training and other support
5. Overseeing the Honolulu Film Office

In 2019, OED contributed to the economic development of Hawaii, specifically Oahu, in the following ways. Where they exist, data and numbers are presented, while other areas that are not readily measurable but have obvious economic benefits are listed.

**International Relations/Sister City and Friendship City Relationships:**

Report on Sister City activities are being provided by a separate report. This report will cover economic impacts of these relationships and will extend into functions 2 and 3 as these relationships have a direct bearing on how OED is seen as the office of contact for seeking educational and cultural ties, investments, and business starts/expansion on Oahu.

**All Nippon Airways (ANA) beginning of A380 Service to Hawaii**

- This initiative started from direct contact with ANA's Vice President and General Manager, Honolulu Office, Mr. Hiroshi Shibata during a Japanese-American community event which the OED Director attended in 2018 (OED Director is a Japanese language speaker), followed by an introduction to the ANA Senior Director of First-class Sales, Japan Office in Tokyo.
- ANA had purchased three Airbus A380 aircraft and had decided to dedicate them to the Tokyo-Honolulu route, increasing daily passenger capacity to Hawaii.
- As part of their premium service business, A380 would add first class service.

- For first class service, ANA was interested in providing exclusive arrival services to its Japanese passengers; OED introduced Mr. Shinsuke Miya to a former US Customs agent who became an advisor and worked a special arrangement for processing first class passengers directly in the arrival lounge.
- Partly as a result of this initiative to start A380 service, weekly passenger capacity for ANA has risen from 5,166 in April (just before launch of A380 service) to 7,988 in October, 2019 (data provided by ANA Office), resulting in a greater number of tourists and its related economic impact to Hawaii.

### **ANA Honolulu Music Week**

- ANA's Mr. Shinsuke Miya (who OED helped work the first class passenger reception issue) approached the OED Director to seek advice on launching a signature ANA-sponsored community event in Honolulu for high-end Japanese tourists and locals to be called "ANA Honolulu Music Week," similar to how JAL helped establish the Honolulu Marathon.
- OED arranged for the Mayor to meet with the President and CEO of ANA, Mr. Yuji Hirako, during the visit of the Mayor to Japan during an unrelated business trip, at which time an offer was made to assist ANA with launching this new event in Honolulu.
- OED assisted Mr. Miya and his staff with contacts at Blaisdell Center and local promoters to plan and execute this event; OED assisted with these contacts and visits throughout until the event's launching in November, 2019 (including invitations to community groups).
- Total attendance at the five scheduled events (Opening Gala; Ryu Goto, Leo Pasifika, and Englebert Humperdink performances; Final Concert) totaled 6,100.
- ANA Honolulu Music Week will become an annual event in Honolulu, attracting visitors from Japan and around the world as well as locals, contributing to the economy of Oahu.

### **Managing Gifts to City from International Sources**

- In 2019, OED handled three donations to the City and County of Honolulu from private donors that amounted to a total of \$28,000 that went to benches and trash bins in Foster Botanical Garden, flagpole installation at Kapolei Fire Station, and a Thomas Square upgrade.
- Gifts to the United States Conference of Mayors (USCM) in Honolulu 2019. The full report has been reported previously to the City Council, but pointing out two donations directly related to sister city and international outreach; fireworks from Nagaoka City that were launched at Pearl Harbor during the reception aboard the

USS Missouri estimated at \$41,000, and ANA providing complimentary air travel for Japanese mayors attending USCM estimated at \$30,000.

- Each year, the City and County of Honolulu through OED receives donations for international travel from sister cities and other organizations desiring to promote friendly relations with Honolulu. In 2019, OED received seven donations for total of \$27,776 and coordinated these opportunities for the Mayor and Directors who represented Mayor to attend:
  - o Chengdu, China (World Garden City Forum); DPR and DCS Directors: \$5,472
  - o Nagaoka (Sister City Visit); Mayor \$1,400
  - o Nagaoka/Kumamoto/Fukuoka, Japan (Honolulu Festival Foundation); DEM and OED Directors: \$6,820
  - o Seoul, Korea (International Forum for Transforming Cities for Decent Work); DHR Director: \$3,000
  - o Seoul, Korea (International Care Expo and Conference); DCS Director: \$3,784
  - o Zhangjiajie, China (Silk Road Urban Alliance); DFM Deputy Director: \$2,300
  - o Fuzhou, China (Sister Cities Symposium); Chief of Staff and OED Director: \$5,000.

**Promoting local business to include tourism and assisting outside investors seeking to do business:**

In June/July 2019, Honolulu hosted the United States Conference of Mayors for the first time in over 50 years. The Office of Economic Development with the assistance of the Customer Services Department and the Office of Climate Change, Sustainability & Resiliency (for the Mayor's Climate Summit planned in conjunction) planned and executed this conference. A detailed report was previously submitted to the City Council, but to recapitulate its economic impact to Honolulu and Hawaii, 1,883 total visitors (including 252 mayors) attended this national event, with direct economic impact of \$6.3 million to Hawaii's economy (according to HTA figures).

Other major projects/initiatives that have had direct economic impact to Oahu are listed below.

**Japan Aviation Academy/Wing Spirit Inc. Launching in Oahu**

- Japan-Aviation Academy (JAA) is the oldest aviation school in Japan (began training pilots in 1932) and today has campuses in Yamanashi, Noto, and Hokkaido and trains pilots, flight attendants, and mechanics for the aviation industry. It also has its own aviation high school.
- Mr. Shigeo Umezawa, Chancellor of JAA, desired to start a "world class aviation school" on Oahu. Mr. Teijiro Handa was made President of JAA of Hawaii, and

was dispatched to Oahu to look at this possibility and locations for the school. Former Japan-America Society of Hawaii Board Chair Sal Miwa was hired to assist as its Chief Operating Officer.

- Mr. Miwa and Mr. Handa approached OED to seek advice and OED assisted with seeking locations and provided advice on permitting and other business start issues.
- OED arranged for the visit of Chancellor Umezawa with Mayor and arranged a visit to his office in Japan during an unrelated business trip to discuss the initiative and support.
- JAA, under its Wing Spirit Inc. business in Hawaii, is bringing up to seven new corporate Hondajets to Hawaii to enter the air ambulance business.
- JAA has signed an agreement with the University of Hawaii on educational collaboration, began the process of locating a place for its school, and set out a plan to hire local employees and recruit students from around the world. Once established, this will provide high paying jobs and directly contribute to the economy of Hawaii through student expenses and taxes.
- Establishing a new industry (aviation training and air ambulance) will assist in diversifying Hawaii's economy.
- To promote its launching in Hawaii, JAA/Wing Spirit Inc. supported the City with hosting the United States Conference of Mayors in June, 2019 with a donation of \$300,000.

### **Sake Brewing Business Start**

- A Japanese entrepreneur approached OED for assistance in starting a sake brewery business on Oahu.
- A location was found in Kakaako but encountered problems in receiving permitting and liquor license because of the entrepreneur's weak English language capability and lack of understanding on Hawaii business start practices, obtaining liquor license, and building permitting requirements and processes.
- OED assisted through contact with the Department of Planning and Permitting (DPP), helping to guide the entrepreneur through various permitting stages and follow-ups.
- Liquor license approved; final permitting seems to be cleared, and installation of equipment seems to be underway.
- Potential economic impact, while small, are several jobs and a new business in Oahu, contributing to diversification of the economy.

## **Aloha Pronto Project**

- Assisted local entrepreneur with City permitting to convert the abandoned Chef Sakai project in downtown Waikiki to the “Aloha Pronto” project, bringing a beer garden to Waikiki. DPP was able to work a solution for proper permitting.
- Potential economic impact is to revitalize an abandoned Waikiki property and bring greater business there, including catering to tourists.

## **Agricultural Liaison:**

### **Future Use/Direction of Sumida Farm**

- Advisor to Tokyo University of Agriculture and Technology approached OED about a new strain of rice being developed by this university in Japan that results in a better rice kernel for production of sake. OED suggested this rice, if grown in Hawaii, could be used to support a sake brewery such as the one being pursued in Kakaako.
- OED hosted the advisor during a recent visit to Honolulu and arranged a visit to Sumida Farm (at Pearl Ridge, currently cultivating watercress using natural spring water) as a possible location for the rice growing and met with the owners and discussed idea which owners were receptive to.
- President of the University is scheduled to visit Honolulu in Spring 2020; OED is arranging for local meetings to discuss project, including a visit to Sumida Farm.
- Potential Economic impact would be a new agricultural product and business, and direct support to a new sake brewing industry.

### **New Idea for Crop Control**

- During a visit to Sumida Farm, discussion with owners indicated problems encountered with birds that feed on insects in the fields and polluting the water with their excrement that may be harmful to the plants; traditional “scarecrow” methods did not appear effective in scaring off the birds.
- Idea was proposed to use drones that could fly over the field periodically to scare away birds. The Agricultural Liaison will reach out to University of Hawaii to see if such a project could be given to a student to pursue.
- Potential economic impact is that if proved to be practicable and effective, the idea could extend to other farms and other uses.

## **Support to 2Lady Farmers Business**

- Proprietors of 2Lady Farmers, who are pig farmers in Waianae, were struggling with slaughtering pigs for market. The Agricultural Liaison assisted the proprietors to get access to mobile slaughtering machines to be able to market their products.
- OED also suggested reaching out to local foundations, such as the Freeman Foundation whose director is known for wanting to help develop farms and farming methods in Hawaii. OED reached out to Mr. Graeme Freeman of the Freeman Foundation to see if any assistance could be provided to the 2Lady Farmers to increase its business and is currently being assessed.
- Potential economic impact is that a pig farming business in Hawaii could be not only saved but also be expanded through additional funding for equipment.

## **IAL Mapping**

- Since 2013, OED via its Agricultural Liaison has been working with the DPP in developing Important Agricultural Land (IAL) maps for 12,625 acres, out of a total of 45,400 acres of non-Federal or non-State-owned agricultural lands, on Oahu. Hearings of the mapping were held by the Honolulu City Council and finalization of the IAL maps is pending. The next step will be for the Council to inform the Land Use Commission of its decision on the final IAL maps. Work continues.
- Potential economic impact is by helping to preserve agricultural lands through a special designation and the people of Oahu will be able to have locally-produced food that will assist in food security and self-sufficiency. Preserving these lands will also assist local farmers and future farmers to have fields to cultivate in perpetuity.

## **CRB Eradication**

- OED continues to work on coconut rhinoceros beetle (CRB) eradication on Oahu since it was first discovered at Joint Base Pearl Harbor-Hickam in December 13, 2013. Since then, the areas, including Pearl City, Iroquois Point, Ewa and Waipio Peninsula, have been marked as the quarantine zone by both USDA-Animal and Plant Health Inspection Service (APHIS)-Plant Protection and Quarantine (PPQ) and Hawaii Department of Agriculture (HDOA); prohibiting movement of green waste in and out of this zone. OED is working with the University of Hawaii to test a vacuum steam sterilizer to eliminate CRB in green waste. Work continues.
- Economic impact through eradication of CRBs: help preserve the iconic and omnipresent coconut palm, a symbol of Hawaii's tropical climate. Preservation of these trees will offer coconuts for local consumption and businesses, shade, and a scenery and backdrop that is attractive to visitors and promotes tourism.

## **Assisting Community Groups:**

OED not only coordinates all requests for city services from community groups (in 2019, OED handled requests from 37 non-profit organizations that were approved for support), but also manages funds provided to the City and County of Honolulu through the Hawaii Tourism Office's (HTA) Community Enrichment, Kukulu Ola, and Aloha Aina programs. In 2019, this amounted to 70 programs for a total of \$1.2 million in funding support. HTA's support to these programs are for enhancing visitor experience in Hawaii; therefore, the work done by OED to distribute the funds and assess the effectiveness of these programs contribute to Oahu's tourism industry. Additional impact to the economy came from OED's direct action in the following events:

### **Celebration of the 150<sup>th</sup> Anniversary of Gannenmono, First Japanese immigration to Hawaii**

- OED worked closely with the Gannenmono Committee that consisted of leaders of Japanese-American community in Hawaii to mark the 150<sup>th</sup> Anniversary of the first Japanese immigrants to Hawaii, the Gannenmono. Events included holding seminars and cultural events throughout Oahu, and hosting the visit of Their Imperial Highnesses, Prince and Princess Akishino of Japan. OED planned and held a luncheon that was hosted by the Mayor for the Royal Couple and delegation at the Honolulu Museum of Art, and arranged a planting ceremony of two Shower Trees at Thomas Square. In 2019, OED assisted the Gannenmono Committee to provide a place in the City's Japanese garden for a memorial to the Gannenmono that now sits there.
- Economic impact to Honolulu was the added tourism generated by events surrounding these events as well as future visits by tourists to view these historic locations.

### **Support to Honolulu Festival**

- During an official visit to Zhengzhou, China to attend an international tourism conference hosted by the Zhengzhou City Government, Mayor and OED Director were introduced to Shaolin Kung Fu, where Kung Fu originated in China. Mayor/OED proposed Shaolin Kung Fu would be a popular attraction in the annual Honolulu Festival that brings cultural performances from around the world and invited them to attend a future festival.
- Zhengzhou Government replied positively. OED contacted the Honolulu Festival organizers to propose the concept (which they enthusiastically supported by providing lodging support) and local Chinese Community groups to see if they would assist in hosting the group, which they agreed to, and planning for their performance for 2020.



- Economic impact would be additional tourism and enriching the Festival's cultural offerings.

### **Honolulu Film Office:**

The Honolulu Film Office (HFO) directly impacts the statewide spend of the film and television industry doing business in Hawaii by providing location scouting and securing assistance, requesting and securing permitting for locations, location access and security arrangements, informing neighborhoods of the impact of the activity, and answering questions and complaints from the community. HFO attends a number of industry forums and gatherings annually to promote Hawaii, especially Oahu, as a film/TV shooting location.

- Per DBEDT, estimated 2019 statewide spending from the film and television industry (final figures to be released later) is about \$375M of which Oahu's portion is anticipated to be around \$320M or 85% of the total direct spend.\*
- Total economic impacts for the Oahu portion (\$320M) is:
  - o \$552M in economic output
  - o Total jobs impact (job-year) of nearly 3,200
  - o Over \$127M in household income generated

\*This represents a nearly \$100M decline in statewide direct spending due to the institution of a cap on the rebate program, or just over a 20% decrease.

- Major projects that contributed to these figures in 2019 are 2 Network Television Series (approximately 40 episodes) and 6 feature films from studios, streamers and international independent production companies):
  - o HAWAII FIVE-0, CBS Television (television series)
  - o MAGNUM PI, CBS Television (television series)
  - o THE WRONG MISSY, NETFLIX
  - o JUMANJI 2, Sony Pictures Studio
  - o SAME TIME, NEXT CHRISTMAS, ABC Television (movie)
  - o FINDING OHANA, NETFLIX
  - o NEXT GOAL WINS (UK,NZ production; Director, Taika Waititi)
  - o PRESS PLAY (CJ Entertainment, Korea)

### **Economic Related Initiatives under Discussion:**

- **DROP Festival in conjunction with World Surfing League: Dec 2020**
  - o DROP is an Australian based company that specializes in holding music events.

- DROP is proposing to conduct a world-class music event following WSL's VANS surfing competition in Oahu in 2020.
- Assisting DROP with looking for potential venues, perhaps a City park or facility, as well as any permitting requirements.
- Potential economic impact from visitors to Honolulu to attend event.
- **Philippine Kapatid Exchange (Product Show), July 2020**
  - Working with the Filipino Chamber of Commerce and Consulate General of the Philippines to hold a product show in Honolulu, attracting vendors from Philippines to include Cebu and Manila and showcase Filipino products and promote business ties.
  - Potential economic impact from business ties that may result.
- **Honolulu Biennial 2021**
  - Assisting Honolulu Biennial Foundation in planning for this biennial arts event on Oahu with potential venue selection, outreach to community organizations and potential collaborators such as ANA Honolulu Music Festival.
  - Potential economic impact from increased tourism.
- **Wave Pool at Kalaeloa**
  - Assisted entrepreneur from California to create a surfing wave pool in Kalaeloa, with advice on Opportunity Zones and permitting requirements. Proprietor found a location and is now looking to set up a collaborative development.
  - Potential economic impact through new jobs and sport tourism for surfing training/unique experience. Will also assist Hawaii schools with a training facility.
- **Pan Pacific Soccer**
  - OED assisted Pan Pacific Soccer to hold tournament with four professional teams from Japan, Canada, and U.S. on Oahu in 2017 and 2018; organizer canceled 2019 event but is looking to return in 2020.
  - OED will assist in finding practice field through the DPP (at Waipio Soccer Complex), and helping to advertise the event in the community.
  - Economic impact is to bring a professional soccer tournament to Honolulu annually to attract new tourists and generate greater local interest.
  - Additionally, organizers conduct youth clinics with professionals while here and have offered to renovate one or several City soccer fields to professional standards.

- **Race Track on Oahu**

- Assisted entrepreneur to look for a location to reestablish a race track on Oahu.
- Campbell Industrial Park, next to Kalaeloa Community Development District, is the preferred location.
- Assisted entrepreneur with advice on working with community groups such as neighborhood boards to introduce the concept and outreach to City Council representative to address any concerns.
- Potential economic impact: new jobs and bringing new sport tourism to Oahu; could also assist with providing a race track for enthusiasts, helping to alleviate street racing.